Financial Statements of

REHABILITATION CENTRE FOR CHILDREN, INC.

March 31, 2020

Deloitte.

Deloitte LLP
360 Main Street
Suite 2300
Winnipeg MB R3C 3Z3
Canada

Tel: (204) 942-0051
Fax: (204) 947-9390
www.deloitte.ca

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Rehabilitation Centre for Children, Inc.

Opinion

We have audited the financial statements of Rehabilitation Centre for Children, Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, and the results of its operations, its changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants

May 28, 2020
Winnipeg, Manitoba

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REHABILITATION CENTRE FOR CHILDREN, INC.
Statement of Financial Position
March 31, 2020

		2020		2019
FINANCIAL ASSETS				
Cash and short-term investments (Note 3)	$	**3,207,273**	$	2,563,241
Investments in GIC (Note 4)		**2,829,241**		4,235,865
Accounts receivable (Note 5)		**1,819,883**		1,018,148
Due from WRHA - pre-retirement and sick leave benefits (Note 2(h))		**390,304**		400,634
Due from WRHA - accrued vacation pay (Note 2(i))		**155,997**		155,997
		8,402,698		8,373,885
LIABILITIES				
Accounts payable		**1,365,177**		822,863
Employee benefits payable (Note 7)		**1,576,044**		1,593,701
Unearned revenue - Health Canada (Note 10)		**1,079,551**		2,021,523
		4,020,772		4,438,087
NET FINANCIAL ASSETS		**4,381,926**		3,935,798
NON-FINANCIAL ASSETS				
Inventories for consumption		**419,018**		389,925
Prepaid expenses		**26,295**		20,758
Tangible capital assets (Note 6)		**841,105**		901,272
		1,286,418		1,311,955
ACCUMULATED SURPLUS	$	**5,668,344**	$	5,247,753

APPROVED BY THE BOARD

Original Document Signed
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. . . . Director

REHABILITATION CENTRE FOR CHILDREN, INC.
Statement of Operations and Accumulated Surplus
Year Ended March 31, 2020

	Budget (Note 2(l))	**2020**	2019
REVENUE			
WRHA Programs	$ 6,296,976	**$ 6,423,789**	$ 6,836,811
School Therapy Program	2,323,834	**2,658,396**	2,366,937
Prosthetics & Orthotics	1,720,000	**1,703,046**	1,631,539
Health Canada	3,012,036	**4,070,449**	3,147,786
Manitoba Family Services (Note 16)	1,965,100	**1,394,431**	1,472,359
LIFE Programs	520,066	**857,193**	798,294
Miscellaneous	202,000	**287,805**	220,734
Research Programs	88,926	**133,496**	38,830
Other	48,491	**-**	-
	16,177,429	**17,528,605**	16,513,290
EXPENSES			
WRHA Programs	6,306,976	**6,281,819**	6,657,793
School Therapy Program	2,329,335	**2,497,350**	2,414,823
Health Canada	4,864,425	**4,070,449**	3,147,786
Prosthetics & Orthotics	1,695,000	**1,588,817**	1,388,816
Manitoba Family Services	1,634,367	**1,479,615**	1,271,689
LIFE Programs	520,067	**843,964**	800,390
Miscellaneous	-	**-**	8,416
RCC Programs	137,000	**162,476**	-
Amortization of equipment (WRHA Programs)	65,000	**87,424**	111,661
Amortization of equipment (Prosthetics & Orthotics)	25,000	**31,459**	-
Research Programs	171,351	**51,536**	48,105
Other	48,491	**13,105**	25,546
	17,797,012	**17,108,014**	15,875,025
NET SURPLUS FOR THE YEAR	(1,619,583)	**420,591**	638,265
ACCUMULATED SURPLUS, BEGINNING OF YEAR	5,247,753	**5,247,753**	4,609,488
ACCUMULATED SURPLUS, END OF YEAR	$ 3,628,170	**$ 5,668,344**	$ 5,247,753

REHABILITATION CENTRE FOR CHILDREN, INC.
Statement of Changes in Net Financial Assets
Year Ended March 31, 2020

	Budget (Note 2(l))	**2020**	2019
NET SURPLUS FOR THE YEAR	$ (1,619,583)	**$ 420,591**	$ 638,265
CHANGE IN TANGIBLE CAPITAL ASSETS			
Acquisition of tangible capital assets	-	**(58,716)**	(137,331)
Amortization of tangible capital assets	-	**118,883**	111,661
	-	**60,167**	(25,670)
CHANGE IN OTHER NON-FINANCIAL ASSETS			
Net change in inventories for consumption	-	**(29,093)**	(33,643)
Net change in prepaid expenses	-	**(5,537)**	(14,437)
	-	**(34,630)**	(48,080)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(1,619,583)	**446,128**	564,515
NET FINANCIAL ASSETS, BEGINNING OF YEAR	3,935,798	**3,935,798**	3,371,283
NET FINANCIAL ASSETS, END OF YEAR	$ 2,316,215	**$ 4,381,926**	$ 3,935,798

REHABILITATION CENTRE FOR CHILDREN, INC.
Statement of Cash Flows
Year Ended March 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Net surplus for the year	**$ 420,591**	$ 638,265
Add charges (deduct credits) to operations		
not requiring a current cash payment		
Amortization of capital assets	**118,883**	111,661
Recognition of unearned revenue- Health Canada	**(4,070,449)**	(3,147,786)
Employee future benefits	**(7,327)**	199,112
	(3,538,302)	(2,198,748)
Net change in non-cash working capital balances		
Accounts receivable	**(801,735)**	15,584
Inventories for consumption	**(29,093)**	(33,643)
Prepaid expenses	**(5,537)**	(14,437)
Accounts payable	**542,314**	(15,531)
	(3,832,353)	(2,246,775)
CAPITAL ACTIVITY		
Purchase of tangible capital assets	**(58,716)**	(137,331)
INVESTING ACTIVITY		
Investments in GIC, net	**1,406,624**	(75,967)
FINANCING ACTIVITY		
Funding received - Health Canada, net	**3,128,477**	3,233,168
NET INCREASE IN CASH POSITION	**644,032**	773,095
CASH AND SHORT TERM INVESTMENTS, BEGINNING OF YEAR	**2,563,241**	1,790,146
CASH AND SHORT TERM INVESTMENTS, END OF YEAR	**$ 3,207,273**	$ 2,563,241

1. NATURE AND OBJECTIVES OF THE CENTRE

The Rehabilitation Centre for Children, Inc. (the "Centre") was incorporated by Articles of Incorporation under the Corporations Act of Manitoba on March 2, 1981 without authorized share capital, and is a registered charity under the Income Tax Act.

The Rehabilitation Centre for Children, Inc. is a family centered organization which supports children and youth with disabilities and/or special needs in Manitoba and surrounding areas, in maximizing their independence, reaching their goals and participating in their communities. Together, with families and our partners, we provide a centre of excellence for children's rehabilitation including direct and consultative service, education, research, and innovative assistive technologies that are developed and delivered in a culturally responsive, integrated service system.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Public Sector Accounting Standards ("PSAS") and include the following significant accounting policies:

a) Revenue

i) Funding from Winnipeg Regional Health Organization (WRHA)

The Centre is funded during the year by the WRHA for programs outlined in the WRHA/RCC Service Purchase Agreement. Based on this agreement the Centre is permitted to retain up to two percent (2%) of the global funding it received from the WRHA for that fiscal period. Amounts retained must be restricted for WRHA programs. Any amount in excess of the above would be repayable to the WRHA.

ii) Other Funding Sources

The Centre receives funding from other sources including Children's Rehabilitation Foundation Inc., Province of Manitoba Family Services, Manitoba Health, Health Canada and school divisions for specified programs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Transfers (revenues from non-exchange transactions) are recognized as revenues when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made. Transfers are recognized as unearned revenue when amounts have been received but not all eligibility criteria have been met.

c) Unearned revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenses are incurred, services are provided or when stipulations are met.

d) Inventories for consumption

Inventories for consumption or distribution consist of supplies and are valued at the lower of cost or replacement value. Cost is determined on the first in, first out basis. Inventory expensed during the year amounted to $490,560 (2019 - $726,642).

e) Capital assets

Equipment acquired before April 1, 1981 is recorded at a nominal value. Additions to equipment subsequent to April 1, 1981 are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense.

Capital assets are amortized on a straight-line basis over the following estimated useful lives:

Equipment and furniture	3 - 25 years
Information systems	3 - 25 years
Leasehold improvements	term of lease

f) Cash and short-term investments

Cash and short-term investments include cash and highly liquid investments with an original maturity of three months or less at the date of acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Pre-retirement leave obligation

The Centre has a contractual commitment to pay out to employees four days salary per year of service upon retirement if they comply with the following conditions:

i) Have ten years service and have reached the age of 55; or
ii) Qualify for the "eighty" rule which is calculated by adding the number of years service to the age of the employee; or
iii) Retire at or after age 65; or
iv) Terminate employment at any time due to permanent disability.

The Centre has recorded an accrual based on an actuarial valuation that includes employees who qualify at the year-end balance sheet date and an estimate for the remainder of employees who have not yet met the criteria above. Any change in the accrual relating to pre-retirement leave benefits are recorded as an expense on the Statement of Operations.

h) Sick leave benefits

The Centre has a policy whereby full-time employees are allowed 1.25 sick days per month and any unused sick days can be carried forward but they do not vest; paid sick days for part-time employees are pro-rated based on the number of hours they work per month. The Centre recognizes an obligation for the estimated sick leave benefits that have accumulated based on the expectation of future utilization of the benefits. Any change in the accrual relating to sick leave benefits are recorded as an expense on the Statement of Operations.

i) Due from WRHA – employee future benefits

Funding for vacation pay, entitlements by the WRHA has been capped at the amount owing for vacation entitlements as at March 31, 2004. Because the vacation entitlements up to March 31, 2004 will be funded, this amount has been recorded on the statement of financial position as a receivable from the WRHA.

For certain employees, funding for pre-retirement and sick leave benefits will be provided by the WRHA and therefore the amount that is to be funded by the WRHA has been recorded as a receivable on the statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Financial instruments

All financial instruments are initially recognized at fair value. The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received.

Financial assets and financial liabilities are subsequently measured at either cost/amortized cost or fair value as described below.

Cash and short-term investments	Cost
Investments in GIC's	Fair value
Accounts receivable	Amortized cost
Due from WRHA	Cost
Accounts payable	Cost
Employee benefits payable	Amortized cost

No financial instruments are recorded at fair value subsequent to their initial recognition.

k) Use of estimates

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The significant estimates include allowance for doubtful accounts, inventory obsolescence, accrued pre-retirement leave benefits, accrued sick leave benefits and the useful life of capital assets. Actual results could differ from these estimates.

l) Budget

The 2020 budget is reflected on the statement of operations and accumulated surplus and the statement of changes in net financial assets. The budget was approved by the Board of Directors on October 17, 2019.

3. CASH AND SHORT-TERM INVESTMENTS

	2020	2019
Cash	**$ 3,130,430**	$ 2,486,485
Restricted Cash - Equipment	**76,843**	76,756
	$ 3,207,273	$ 2,563,241

4. INVESTMENTS IN GIC

Investments represent amounts invested in guaranteed investment certificates. Short term investments earn interest at rates of 1.50% to 2.18% (2019 – 1.50% to 2.20%) per annum and have maturity dates ranging from 2 to 106 days (2019 – 52 to 368 days) after year end.

	Fair value hierarchy level	2020	2019
Investments at fair value			
Guaranteed Investment Certificates ("GICs")	**Level 2**	**$ 2,829,241**	$4,235,865

The fair value hierarchy level is provided to present the degree of objectivity of the fair values of the investment portfolio. The levels are defined as follows:

Level 1: Unadjusted quoted prices in an active market for an identical asset or liability
Level 2: Inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3: Inputs for the asset or liability that are not based on observable market data (Unobservable inputs).

The Centre's total investment income is $118,966 (2019 - $106,724).

5. ACCOUNTS RECEIVABLE

	2020	2019
Patient services	**$ 309,268**	$ 261,112
School divisions	**260,367**	272,413
Manitoba Health – Patient services	**351,520**	215,533
Winnipeg Regional Health Organization – Operations	**22,118**	28,027
Due from Children's Rehabilitation Foundation Inc. (Note 12b)	**159,249**	149,160
Specialized Services for Children and Youth (SSCY) Capital campaign	**33,063**	56,210
GST Rebate	**46,798**	35,693
Family Services – CTI Programs	**637,500**	-
	$1,819,883	$1,018,148

6. TANGIBLE CAPITAL ASSETS

	2020			2019
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Equipment and furniture	**$ 1,137,558**	**$ 504,980**	**$ 632,578**	$ 714,321
Information systems	**182,862**	**105,038**	**77,824**	70,953
Leasehold improvements	**156,183**	**25,480**	**130,703**	115,998
	$ 1,476,603	**$635,498**	**$ 841,105**	$ 901,272

7. EMPLOYEE BENEFITS PAYABLE

	2020	2019
Accrued vacation pay - WRHA	**$ 442,175**	$ 442,022
Accrued vacation pay – other funders	**356,346**	300,424
Accrued pre-retirement leave benefits (Note 8)	**667,221**	721,366
Accrued sick leave benefits (Note 9)	**110,302**	129,889
	$ 1,576,044	$ 1,593,701

8. ACCRUED PRE-RETIREMENT LEAVE BENEFITS

The WRHA undertook an actuarial valuation as at March 31, 2019 of the accrued pre-retirement leave benefits which include those of the Centre. The significant actuarial assumptions adopted in measuring the Centre's accrued pre-retirement leave benefits include mortality and withdrawal rates, a discount rate of 3.1%, a rate of salary increase ranging from 0 – 1.0% for the next three years and 3.5% thereafter plus age related merit/promotion scale and a factor ranging from 0 – 2.28% for disability. The WRHA has moved to having an actuarial valuation completed every three years. As a result, in the current year a roll-forward of the previous valuation was prepared taking into account the actual pre-retirement payments made in the year. Actual payments made during the year for the Centre's pre-retirement leave benefits were $141,712 (2019 - $85,165).

9. SICK LEAVE BENEFITS

The Centre calculated an obligation related to the estimated sick leave benefits that have accumulated based on the expectation of future utilization of the benefits. The significant assumptions used in measuring the Centre's accrued sick leave benefits include the estimated average remaining service life of its employees of 8.0 years, a discount rate of 3.1% and a rate of salary increase ranging from 0% to 1% for the next three years and 3.5% thereafter.

10. UNEARNED REVENUE – HEALTH CANADA

The Centre is receiving funding from Health Canada for Jordan's Principal, which aims to provide OT, PT and Speech services to First Nations communities across Manitoba. These funds are restricted for the purpose of providing these services and are recorded into revenue when the related expenses occur.

	2020	2019
Balance, beginning of year	**$ 2,021,523**	$ 1,936,141
Contributions received in the year	**3,128,477**	3,534,535
Current year expenses	**(4,070,449)**	(3,147,786)
Repayment of prior surplus	**-**	(301,367)
	$ 1,079,551	$ 2,021,523

11. PENSION PLAN

Substantially all of the employees of the Centre are members of the Healthcare Employees Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating facilities. Plan members will receive benefits based on the length of service and on the average of annualized earnings calculated on the best five of the eleven consecutive years prior to retirement, termination or death, that provide the highest earnings. Variances between the actuarial funding estimates and actual experience may be material and any differences are generally to be funded by the participating members. The costs of the benefit plan are not individually allocated to the participating facilities. As a result, individual participating facilities are not able to identify their share of the underlying assets and liabilities and accordingly, the plan is accounted for as a defined contribution plan.

Contributions to the Plan made during the year by the Centre on behalf of its employees amounted to $814,099 (2019 - $731,638) and are included in the statement of operations.

12. ECONOMIC DEPENDENCE AND RELATED ENTITIES

a) The Province of Manitoba, WRHA and Health Canada provide a significant amount of the operating funding of the Centre. The statement of operations and Note 2 provide details of the transactions between the Centre and these entities.

b) The Children's Rehabilitation Foundation Inc. (the "Foundation"), in part, supports the activities of the Rehabilitation Centre for Children, Inc. A member of the Centre's Board of Directors sits as a Director on the Foundation's 15 member Board. The Foundation is incorporated under the Corporations Act of Manitoba and is a registered charity under the Income Tax Act. The Foundation may, at its discretion, fund specific projects of the Centre but such funding is for restricted purposes and is not available for general operating activities. The Foundation is not controlled by the Centre and therefore the financial statements of the Foundation have not been consolidated in these statements. During the year, the Foundation donated a total of $761,210 to the Centre in the form of cash and capital donations (2019 - $684,025).

13. ACCUMULATED SURPLUS

Per the Centre's agreement with the Province of Manitoba Department of Family Services, surpluses generated through the Provincial Outreach Therapy for Children (POTC) program are restricted to the future provision of outreach therapy services. In addition, funds received for the Children's Therapy and Stepping Out Saturdays Initiatives are restricted for use for these programs.

Funds received for the School Therapy and Prosthetics and Orthotics Initiatives are internally restricted for use for these programs. During the year, the Board also approved the transfer of $nil (2019 - $100,000) from the Prosthetics & Orthotics restricted fund into the equipment reserve.

Based on the Service Purchase Agreement the surplus generated through WRHA programs is restricted to the future provisions of WRHA programs services. The Centre is permitted to retain up to two percent (2%) of the global funding it received from the WRHA for that fiscal period. However, there are instances where the Centre requests that surplus amounts that would otherwise be repaid to the WRHA be retained for specific future purposes. This current year surplus is shown in the WRHA restricted fund under net surplus reconciled below. Management believes that the amount subject to audit will be able to be retained by the Centre and therefore no amounts have been recorded as a payable to the WRHA as at March 31, 2020.

Details of restricted net surplus are as follows:

	Balance April 1, 2019	Surplus (deficit) for the year	Transfers	Balance March 31, 2020
POTC Restricted	$ 81,508	$ 96,437	$ -	$ 177,945
Childrens' Therapy Restricted	659,634	(135,779)	-	523,855
School Therapy Restricted	303,092	161,045	-	464,137
Prosthetics & Orthotics Restricted	580,068	82,770	-	662,838
Stepping Out Saturdays Restricted	184,350	(46,037)	-	138,313
WRHA Restricted	333,353	54,547	-	387,900
Equipment Reserve	690,233	12,395	-	702,628
Unrestricted and Internally Restricted	2,415,515	195,213	-	2,610,728
	$5,247,753	**$420,591**	**$ -**	**$5,668,344**

Included in the WRHA restricted surplus of $54,547 for the year is a $13,009 repayment of a prior year surplus resulting in a surplus from current year operations of $67,556.

13. ACCUMULATED SURPLUS (continued)

Details relating to unrestricted and internally restricted net surplus as of March 31, 2020 are as follows:

Net assets invested in capital assets	$	841,105
Internally restricted net assets – Social Media		33,530
Internally restricted net assets – Family Network Project		26,737
Net assets - unrestricted		1,709,356
	$	2,610,728

The Centre participates in providing services for the Children's Therapy Initiative with other service providers. The following is a summary of the entire program's operations for the fiscal year:

	2020	2019
Gross funding received by the Centre	**$1,200,000**	$ 1,100,000
Disbursement to the third party	**(660,669)**	(485,953)
Revenue earned by the Centre	**539,331**	614,047
Expenses incurred by the Centre	**(675,110)**	(427,562)
Program (deficit) surplus at the Centre	**$ (135,779)**	$ 186,485

14. INTEREST RATE AND CREDIT RISK

Interest rate risk

Interest rate risk is the risk to the Centre's earnings that arise from fluctuations in interest rates and the degree of volatility of these rates. The Centre does not use derivative instruments to reduce this risk.

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. However, the Centre's accounts receivable are amounts due from government funding authorities and similar agencies which minimizes credit risk.

15. COMMITMENTS

The Centre has several leases for a telephone system and photocopiers which expire in 2021. The annual minimum lease payments through 2021 are $112,259.

16. MANITOBA FAMILY SERVICES REVENUE

	2020	2019
Provincial Outreach Therapy Program (POTC)	**$ 616,000**	$ 616,000
Children's Therapy Initiative (CTI)	**389,331**	464,047
Children's Therapy Initiative (CTI) – Provincial Network	**125,000**	125,000
Children's Therapy Initiative (CTI) – Churchill	**25,000**	25,000
Stepping Out Saturday (SOS)	**191,500**	191,500
Family Support Network	**35,200**	35,200
Building Circles of Support	**12,400**	12,400
Rural Clinics	**-**	3,212
	$1,394,431	$1,472,359

17. EXPENSES BY NATURE

The following is a summary of expenses by nature.

	2020	2019
Salaries	**$ 8,377,224**	$ 7,795,661
Employee benefits and costs	**4,415,984**	3,758,157
Supplies and expenses	**1,402,756**	1,626,104
Restricted expenditures		
Children's Rehabilitation Foundation Inc.	**831,444**	769,391
Research expense	**77,167**	104,649
Purchased services	**773,651**	794,833
General office and administrative	**195,772**	244,605
Travel	**851,771**	590,445
Amortization of capital assets	**118,883**	111,661
Repairs and maintenance	**47,916**	57,535
Utilities, insurance and taxes	**15,445**	21,984
	$ 17,108,014	$15,875,025

18. RECENT DEVELOPMENTS

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including that of Rehabilitation Centre for Children, Inc. At this time it is not possible for the Organization to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Organization's business.